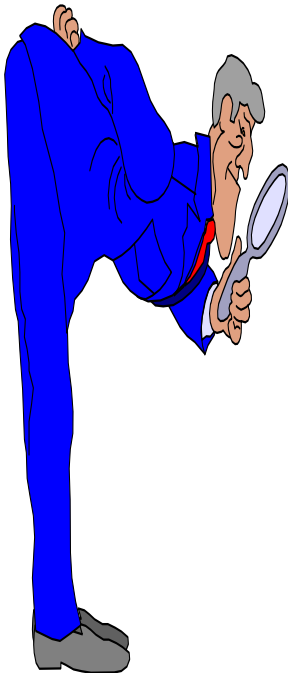


Key Ideas

Chapter 2: Organizational Responsibilities in Local Government Budgeting



In this section, we will discuss the following:

- *The two-stage review process of the local government budget.*
- *Who makes the final determinations of budgets, rates, and levies.*
- *A diagram of the local budget process.*
- *A diagram of the local budget appeal process.*

ORGANIZATIONAL RESPONSIBILITIES IN LOCAL GOVERNMENT BUDGETING

There is probably no aspect of local government budgeting, which is so important, yet so diverse, as the matter of responsibility for preparing the annual budget. These differences, moreover, are not entirely dependent upon the size or assessed valuation within a township or the kinds of problems facing it.

The principal explanation for different organizational responsibilities is found in the fact that the budget is not only a financial plan for the township, but also a political statement of goals for the community. This is the “roadmap” mentioned earlier, and it is a reflection of the political philosophy of the community.

In general, the trustee is responsible for developing the local budget insofar as the elected executive determines what it is the function of the township and how will it attempt to accomplish goals in the coming year. Often this is accomplished initially by individual personnel within the township, at the direction of the elected executive.

The trustee is typically responsible for preparing the formal budget documents, performing both administrative and financial duties. This involves not only the mathematics of collecting and verifying expense estimates, but also the analysis and forecasting of local revenues and intergovernmental transfers, and the actual preparation of budget documents.

Finally, in every instance, the township board is charged with formally adopting the annual budget. More to the point, the local legislative body levies property taxes and appropriates public monies from the property tax and other funding sources, thereby legislating the local government’s “work program” for the coming year.

Once the local government budget is approved by the township board, it is subject to a two-stage review process: first by the local County Tax Adjustment Board through the advertisement of proposed tax rates for all taxing districts, and secondly by the Hearing Officers for the Department of Local Government Finance. The Department of Local Government Finance certifies the final budgets, rates, and levies.



***Once the township board approves the local government budget, it is subject to a two-stage review process:
(1) the local County Tax Adjustment Board, and
(2) the Hearing Officer for the Department of Local Government Finance.***



The Department of Local Government Finance makes final determinations of budgets, rates, and levies.

While the complete review and appeal process will be discussed in a later section, it should be noted here that ten or more taxpayers might appeal to the County Tax Adjustment Board if they feel that the local budget's tax levies or appropriations are too high. And they may renew these appeals (or make new ones) to the state review board after the County Tax Adjustment Board has made its decisions. In addition, the township itself may appeal to the state from any adverse determinations by the County Tax Adjustment Board.

Two other general considerations should be noted with regard to budgetary appeals. No taxpayer is authorized to appeal budget decisions on the grounds that tax levies or appropriations are too low, except in cases where the budgeted amounts fall below statutorily established minimums. And decisions of the Department of Local Government Finance are final, permitting no further appeals except, possibly, through the courts.

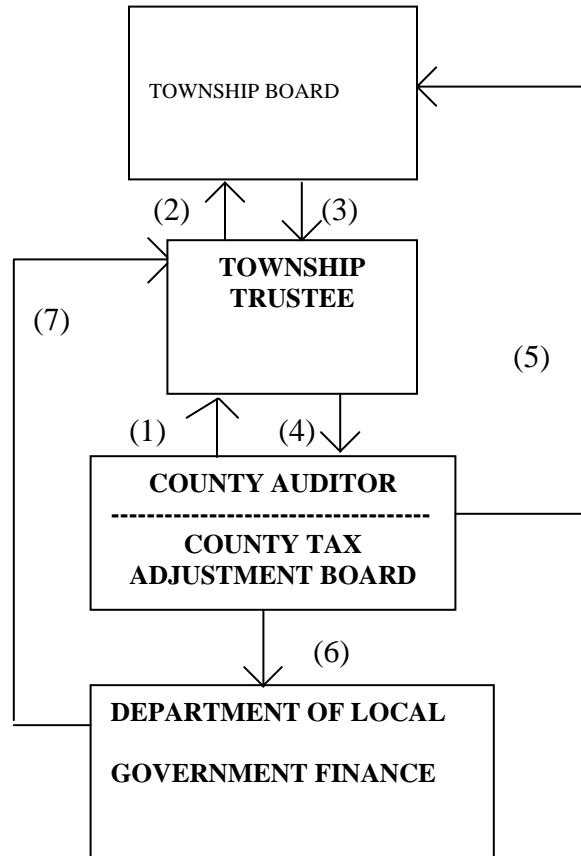
Notwithstanding these commonalities in the budget process, it is a fact that in many jurisdictions the responsibilities for preparing and adopting the local budget are performed differently in practice.

Precisely because the budget process is in part a political process, it is impossible to say that there is a single uniform way of preparing the budget. The process differs according to the political, managerial, and personal dynamics of the elected and appointed public officials involved in preparing, adopting and approving the budget. In addition, there are few statutory assignments of responsibility for local government budgeting, other than those general ones set out above.

It should be noted, though, that the illustration in Figure 1 only indicates those budgeting steps that are required by statute. Most townships, however, find that merely adhering to these few requirements is both inadequate and unsatisfactory. Other procedures are usually necessary, and these are largely dictated by the local government situation.

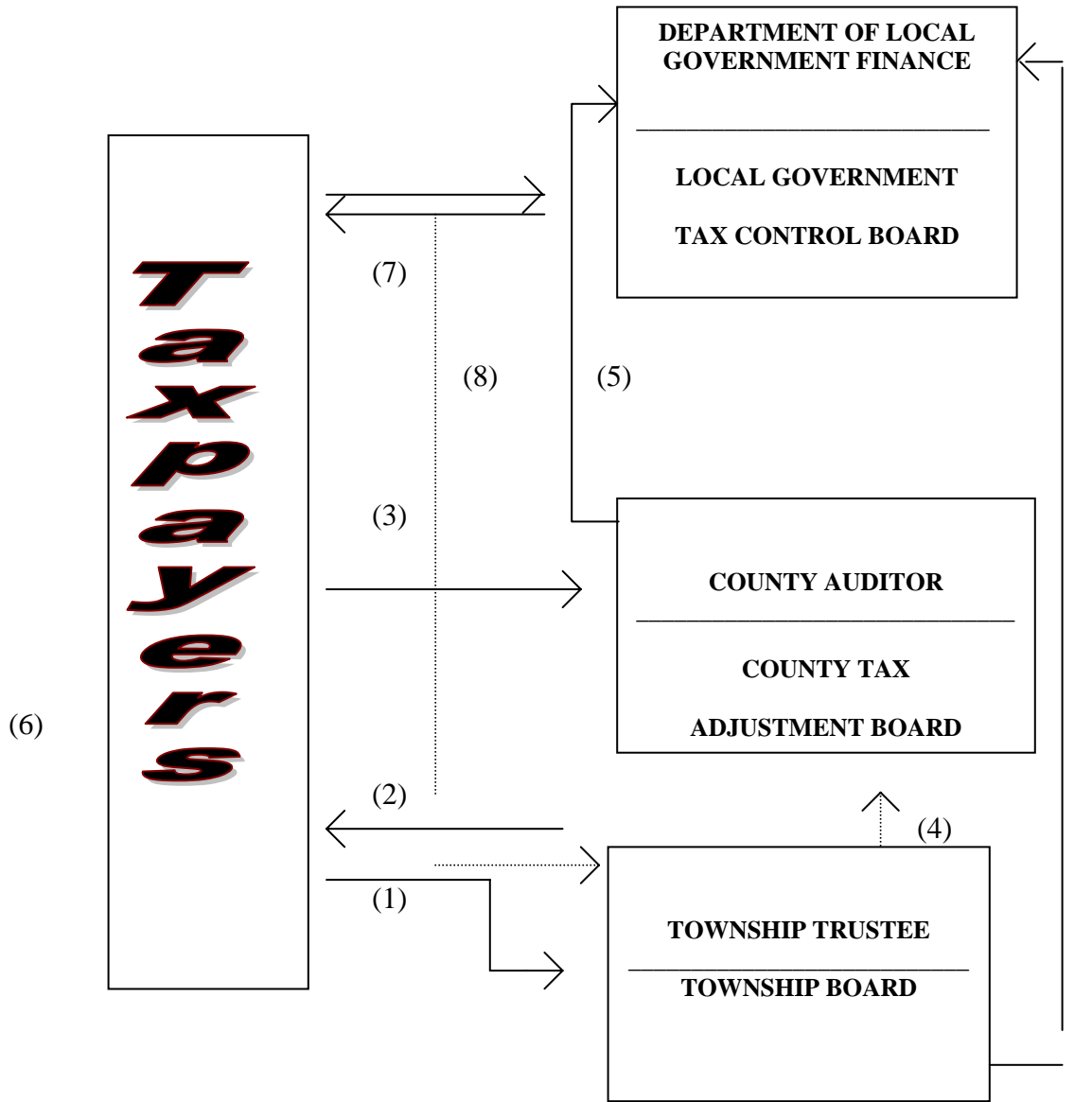
The second flowchart represents the appeal process for township government and for taxpayers, after the budget has been approved at the local level.

Figure 1. Local Budget Process



- (1) Budget Estimate Worksheets sent to township offices-June-July
County Auditor sends tax distribution/assessed values-August.
- (2) Budget Estimates/Worksheets to Township Board-August.
- (3) Adopted Budget returned to Trustee-August / September.
- (4) Budget forwarded to County Tax Adjustment Board-September.
- (5) Results of County Tax Adjustment Board returned to Township Trustee by
County Auditor-October.
- (6) County Tax Adjustment Board results sent to Department of Local Government
Finance-October.
- (7) Department of Local Government Finance returns approved budget, tax rates, tax
levies and appropriations to township after any possible appeals from actions of
County Tax Adjustment Board-February.

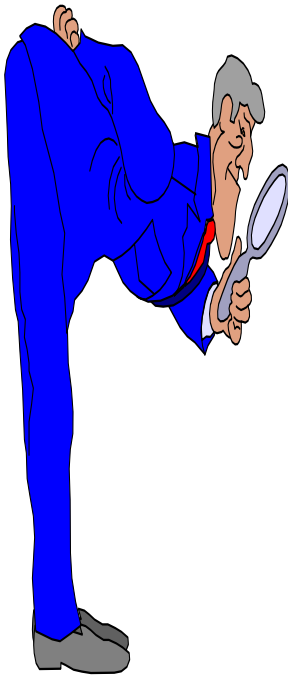
Figure 2. Budget Appeals Process



- (1) Taxpayers appeal budget, rate or levy after township public hearing.
- (2) Township Board adopts funding at Adoption Hearing addressing taxpayer concerns.
- (3) Taxpayers appeal Tax Adjustment Board's publication of township tax rates.
- (4) If there is an error in the township's advertised tax rates, the Trustee must appeal the Tax Adjustment Board's publication of township tax rates.
- (5) Auditor forwards objecting petition to Department of Local Government Finance.
- (6) Trustee has local budget hearing with Department of Local Government Finance.
- (7) Department of Local Government Finance address taxpayer concerns at local budget hearing.
- (8) Department of Local Government Finance certifies fund budgets, rates and levies for township.

Summary

Chapter 2: Organizational Responsibilities in Local Government Budgeting



In this section, we have discussed the following:

- *Once the township board approves the local government budget, it is subject to a two-stage review process: (1) the local County Tax Adjustment Board, and (2) The Hearing Officer for the Department of Local Government Finance.*
- *The Department of Local Government Finance makes final determinations of budgets, rates, and levies.*